Whitepaper: Vendor Management

How to Navigate the Complexities of Vendor Management in Today's Environment

WHAT'S INSIDE

Today's average public safety agency has more than 30 vendor agreements to manage. Service and support is typically provided by impersonal network operations centers, help desks or service depots. Agreements have also become more difficult to understand, given their size and complexity.

This whitepaper contains strategies to help agencies navigate the complexities associated with today's increasingly complicated vendor environment. It provides tips for stronger vendor agreements in three key areas:

- Building the agreement

- Managing vendor accountability

- and negotiating the agency's position.

It used to be much easier for public safety agencies to manage their vendors. A decade and a half ago, service agreements were simple and easy to understand, and quite limited in scope, usually dealing only with device repair and some onsite technician support. And they generally only involved the radio, computer-aided dispatch (CAD) and 911 call-handling systems.

The picture is much different today. The average public safety agency has 30 vendor agreements to manage. In addition to the radio, CAD and call-handling systems, the typical agency will be dealing with vendors of the following systems, at a minimum:

- Records management
- Data storage
- Video surveillance
- Automatic vehicle location
- Gunshot location
- Geographic information
- Automatic license plate reader
- Voice and data logging and recording

Things have changed significantly in other ways as well. Service and support was more personalized back then, primarily because the same technicians did the work, year after year after year. Relationships formed over time and trust developed. Today, in stark contrast, service and support typically are provided by impersonal network operations centers, help desks or service depots, with rotating technicians doing the work. An agency might receive service from a different technician every time it opens a ticket. It's difficult to form relationships that way. As a result, trust begins to erode, or never forms in the first place.

The agreements themselves have become dramatically more complex. Where they once were just a few pages, they now are so voluminous that they require three-ring binders to contain them—and that's just for a single system. They also are more difficult to understand, given their size and complexity, and it often is challenging for the agency to discern what is included and what is not. This in turn fosters confusion and often a disconnect between what the agency and the vendor are expecting from the relationship. In the past service agreements generally received the proverbial rubber stamp from the agency—today they need to be reviewed with a fine-tooth comb, which can be problematic for smaller agencies whose personnel might be lack the necessary bandwidth and/or technical expertise.

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What to Do

The approach to developing effective vendor management agreements has at its core three fundamental, intertwined components: building the agreement; managing vendor accountability; and negotiating the agency's position.

Let's begin with building the agreement. An important aspect of this phase is identifying all services that the agency will receive from the vendor and describing them with enough detail to avoid any ambiguity—which is the bane of every vendor agreement—but not so much that the description becomes overwhelming or confusing. Here's an example of a well-crafted service description:

> ***Network Monitoring****—This service includes all setup, connectivity, applications and staff needed to detect hardware failures and other issues within the primary network infrastructure, the firewall system, and for other hardware specifically noted and listed herein.*

Another important aspect of this phase concerns pricing. Often agencies choose lump-sum or bundled pricing due to the significant discounts that vendors typically offer. But doing so is a mistake because of the ambiguity that comes with such pricing, which makes it far more difficult for agencies to hold the vendor accountable in the future. Line-item pricing, tied to clearly defined service descriptions, is the far better option from the agency's perspective. Agencies also should avoid long-term agreements. They typically come with relatively small, percentage-based annual escalators, which makes them cost-effective and predictable from a budgetary perspective. However, technology in the public safety evolves at warp speed, so being tied to a service agreement that is five, 10 or even 15 years long will put the agency at a distinct disadvantage, because it is impossible to predict the impact that technology advancement will have over that length of time.

The final and arguably most important aspect of this phase concerns service level agreements (SLAs). These agreements define the performance levels to which the vendor will be held and the financial penalties the vendor will incur for failing to meet its obligations. The SLA also will define the escalation process when an incident requiring service or support occurs. For example, the International Technology Infrastructure Library (ITIL) defines a Severity 1 incident as one that is characterized by the following attributes:

- The incident renders a business-critical system, service, software, equipment or network component unavailable or substantially unavailable, or seriously impacts normal business operations, in each case prohibiting the execution of productive work
- The incident affects either a group or groups of people, or a single individual performing a critical business function

Based on the ITIL guidelines, a Severity 1 incident requires a response within 30 minutes and resolution within four hours of detection.

Despite SLAs being critical to holding vendors accountable and receiving financial compensation when they fail to meet their obligations, many agencies overlook them when creating their vendor agreements—the reader should avoid this mistake at all costs. And, as with the service descriptions, ambiguous language should be avoided when crafting an SLA.

Now let's examine the next phase in effective vendor management, which is managing vendor accountability. The key elements of this phase are development of a detailed service/support plan and activity/SLA reporting. The former is the roadmap that sets service/support delivery expectations, while the latter identifies the tickets that were opened, how those tickets were resolved, and whether those resolutions were in alignment with the requirements identified in the SLAs. The bottom line, quite literally, is that the agency is paying for a certain level of service and support, so it should know exactly what it received.

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This type of agreement makes it more difficult for agencies to hold vendors accountable.

Often that is easier said than done. Many vendors are incapable of providing a holistic view into their service and support activities. Instead, the data needed for an agency to see the big picture regarding the service and support it is receiving from a vendor is either nonexistent, strewn across myriad databases or accessible only through client portals that often are difficult to navigate. The result is that the agency often is on its own to stitch together the data points it needs to obtain the holistic view it seeks, which at best is woefully inefficient and a colossal time drain, and at worst enough to make one's head explode.

Keep your vendor negotiations data-driven to avoid them becoming emotional or confrontational. Data is the key to effectively holding a vendor accountable, and it will be critical for negotiating the agency's future position.

Nevertheless, it is imperative that such data is obtained because it is critical to effectively holding the vendor accountable. As important, it will have a profound effect on the final phase of vendor management, which involves negotiating the agency's future position.

Negotiations that are not data-driven quickly can become emotional and/or confrontational, and neither outcome is productive. It is imperative then that the other two phases are executed well so that the agency has the performance data it needs to negotiate what comes next. For example, such data could provide the evidence needed to trigger a penalty clause that is contained in an SLA. Or it could be used to negotiate a credit and/or to introduce more onerous penalties in the next agreement. For instance, the agency might insist on certain assurances in the next agreement because history shows that the vendor's past performance was inadequate. Data puts the agency into a better position to do so.

A final word about vendor negotiations: it is prudent that the agency makes the vendor believe that it is going to seek alternatives regarding service and support once the current agreement expires. When vendors that believe they are in little danger of losing the business, the result usually is increased prices and/or decreased quality. This should be avoided. Even if the agency has little to no intention of changing vendors, it should do the homework anyway, well in advance of negotiations—just in case.

Conclusion

Navigating the vendor management process is challenging and at times even a little unnerving. But strategies exist that will result in effective service and support agreements and enhanced ability of public safety agencies to hold vendors accountable to them.

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